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The Ministry of Finance reminded citizens of the obligations related to natural persons and legal entities that are not subject to Income Tax when they transfer the ownership of their property, and asked concerned parties to fulfill these obligations when transferring properties in order to avoid being subject to penalties.

The circular stipulated the following:

“Whereas Law 45, published in the Official Gazette on 21/08/2017, has imposed ,by virtue of Article 13 of the same law, an Income Tax rate of 15% on the dividends resulting from the transfer of ownership of properties owned by natural persons and legal entities that are not subject to the Income Tax or that have enjoyed permanent, special or exceptional exemptions from that tax, or owned by natural persons who are subject to the Income Tax, given that properties are not assets needed for the exercise of the profession,

Whereas the same article exempted from the abovementioned tax the dividends resulting from the transfer of ownership of the primary residences of a natural person, given that they do not exceed 2 residences,

Whereas the same article requires the deduction of 8% from the dividends resulting from the transfer of ownership for each completed year between the date of acquisition of the property and the date of transfer of ownership,

Whereas the abovementioned persons and entities have the obligation to declare any transfer of ownership and settle the relevant due tax within two months from the date of transfer, using the forms developed by the Ministry of Finance for that purpose. Otherwise, they will be subject to the following penalties stated in Law 44 of 11/11/2008 (Tax Procedures Code): 5% of the

value of the due tax for each month of late filing and 1% of the value of the tax for each month of late payment.

Therefore,

The Ministry of Finance calls the attention of the persons concerned by Law 45/2017 to the importance of fulfilling their abovementioned obligations when transferring the ownership of their properties as of 22/08/2017 in order to avoid being subject to penalties.”